

## Message Text

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ACTION EB-08

INFO OCT-01 AF-08 ARA-06 EUR-12 EA-07 NEA-10 ISO-00  
ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00  
FPC-01 H-01 INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01  
PM-04 USIA-06 OES-06 SP-02 SS-15 STR-04 TRSE-00  
ACDA-07 FEA-01 PA-01 PRS-01 /134 W  
-----310822Z 120083 /17

R 310607Z JAN 77  
FM AMEMBASSY KUWAIT  
TO SECSTATE WASHDC 7186  
INFO AMEMBASSY ABU DHABI  
AMEMBASSY ALGIERS  
AMEMBASSY BONN  
AMEMBASSY DOHA  
AMEMBASSY CARACAS  
AMEMBASSY JAKARTA  
AMEMBASSY JIDDA  
AMEMBASSY LAGOS  
AMEMBASSY LIBREVILLE  
AMEMBASSY LONDON  
AMEMBASSY MANAMA  
AMEMBASSY MUSCAT  
AMEMBASSY PARIS  
AMEMBASSY QUITO  
AMEMBASSY ROME  
AMEMBASSY TEHRAN  
AMEMBASSY TOKYO  
AMEMBASSY TRIPOLI  
AMEMBASSY VIENNA  
USINT BAGHDAD  
USMISSION OECD PARIS UNN  
USMISSION EC BRUSSELS

C O N F I D E N T I A L KUWAIT 0582

E.O. 11652: GDS  
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TAGS: ENRG, OPEC, KU  
SUBJECT: INDONESIA GIVES FULL SUPPORT TO QATARI OIL MINISTER'S  
COMPROMISE EFFORTS

REF: KUWAIT 548

1. INDONESIAN AMBASSADOR TO KUWAIT, MUNAWIR SJADZALI, WHO

IS ALSO ACCREDITED TO QATAR, HAS BEEN ACTIVE IN RECENT DAYS DELIVERING MESSAGES FROM GOI MINISTER OF MINES SADLI TO OIL MINISTERS OF QATAR AND KUWAIT. DURING MEETING JAN. 29 AMBASSADOR SJADZALI INFORMED ME THAT HE HAD CONVEYED TO QATARI OIL MINISTER SHAIKH ABDUL AZIZ AL-THANI ON JAN. 26 HIS GOVERNMENT'S WILLINGNESS TO FOREGO THE ADDITIONAL 5 PERCENT INCREASE IN OIL PRICE SCHEDULED FOR JULY 1, AND ITS FULL SUPPORT FOR HIS EFFORTS TO FIND A COMPROMISE WHICH WOULD REPLACE PRESENT UNSATISFACTORY TWO-TIER OIL PRICE SYSTEM. SJADZALI CONFIRMED THAT HIS GOVERNMENT WOULD SETTLE FOR THE INITIAL PRICE INCREASE OF 10 PERCENT PROVIDING SAUDI ARABIA AND UAE WOULD AGREE TO RAISE THEIR 5 PERCENT INCREASE TO THAT LEVEL.

2. WHEN I SUGGESTED TO AMBASSADOR SJADZALI THAT INDONESIA HAD NOT FULLY IMPLEMENTED THE 10 PERCENT PRICE INCREASE, HE REPLIED THAT HE HAD ANTICIPATED THIS COMMENT AND PROVIDED FOLLOWING EXPLANATION OF INDONESIAN PRICE RISE. ASSUMING THAT I REFERRED TO INCREASE OF ONLY 5.9 PERCENT IN THE PRICE OF INDONESIA'S LIGHT (MINAS) CRUDE, WHICH MAKES UP OVER 50 PERCENT OF INDONESIA'S TOTAL OIL EXPORTS, SJADZALI EXPLAINED THAT MINAS CRUDE HAD BEEN OVERPRICED PRIOR TO DOHA OPEC MEETING. IN FACT, OPEC'S ECONOMIC COORDINATING BUREAU (ECB) HAD PREVIOUSLY RECOMMENDED THAT IT SHOULD HAVE BEEN PRICED AT \$12.35 PER BARREL INSTEAD OF ACTUAL \$12.80. THEREFORE, BEFORE INSTITUTING THE NEW 10 PERCENT PRICE INCREASE, GOI REDUCED MINAS PRICE TO LEVEL RECOMMENDED BY ECB AND THEN ADDED \$1.19 AMOUNT EQUIVALENT TO THE PRICE INCREASE SPECIFIED FOR THE MARKER CRUDE, CONFIDENTIAL

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ROUNDING OFF NEW PRICE OF \$13.55. WE BOTH SMILED AT THIS MATHEMATICAL AGILITY.

3. AMBASSADOR SJADZALI'S IMPRESSION WAS THAT QATARI OIL MINISTER HAD RECEIVED APPARENT INDICATION OF SUPPORT FOR DROPPING JULY 1 ADDITIONAL 5 PERCENT INCREASE FROM MOST OTHER MEMBERS OF THE OPEC ELEVEN HE HAD CONTACTED EITHER PERSONALLY OR THROUGH DIPLOMATIC CHANNELS. HE EXPECTED THAT AL-THANI WOULD GO TO SAUDI ARABIA AND THE UAE DURING THE NEXT WEEK FOR DISCUSSIONS AIMED AT ARRANGING A COMPROMISE BETWEEN THE OPEC ELEVEN AND THOSE TWO COUNTRIES. WHEN I SUGGESTED THAT SAUDIS MIGHT BE UNWILLING TO INCREASE THEIR PRESENT PRICE ANOTHER FULL 5 PERCENT, AMBASSADOR SJADZALI STOUTLY INSISTED THAT THE OPEC ELEVEN WOULD INSIST UPON MAINTAINING THE 10 PERCENT PRICE INCREASE INSTITUTED JAN. 1.

4. SJADZALI ALSO SAID THAT HIS GOVERNMENT WAS NOT PARTICULARLY IN FAVOR OF HOLDING AN EXTRAORDINARY OPEC MEETING BECAUSE SUCH A MEETING MIGHT RAISE MORE PROBLEMS

THAN IT WOULD SOLVE, GIVEN THE PERSONALITIES IN ATTENDANCE  
(I.E., YAMANI AND AMUZAEGAR). HE BELIEVED THAT THE QATARI  
OIL MINISTER COULD SUCCESSFULLY ARRANGE A SATISFACTORY  
COMPROMISE WITHOUT NEED FOR A FORMAL MEETING.  
MAESTRONE

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PETROLEUM, INTERGOVERNMENTAL COOPERATION, PRICES  
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**Copy:** SINGLE  
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**Decaption Date:** 01-Jan-1960 12:00:00 am  
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**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
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**TAGS:** ENRG, KU, ID, OPEC  
**To:** STATE  
**Type:** TE  
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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009